

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET TG-121058
)	
FIORITO ENTERPRISES, INC., &)	ORDER 01
RABANCO COMPANIES, DBA)	
KENT-MERIDIAN DISPOSAL)	
COMPANY, G-60,)	
)	
Petitioner,)	
)	
Requesting Authority to Retain Thirty)	ORDER AUTHORIZING
Percent of the Revenue Received From)	REVENUE SHARING FOR
the Sale of Recyclable Materials)	RECYCLABLE COMMODITIES
Collected in Residential Recycling)	REVENUE ON A TEMPORARY
Service)	BASIS, SUBJECT TO REVISION
.....)	

BACKGROUND

- 1 On June 19, 2012, Fiorito Enterprises, Inc., & Rabanco Companies, d/b/a Kent-Meridian Disposal Company (Kent-Meridian or Company), filed a request that the Washington Utilities and Transportation Commission (Commission) allow it to retain up to thirty percent of the revenue received from the sale of recyclable materials during the 2012-13 recycling plan period. The Company serves approximately 25,500 residential and 500 multi-family regulated recycling customers in King County (County).
- 2 RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials to retain up to fifty percent of the revenue paid to the company for the material if the company submits a plan to the Commission that is certified by the appropriate local government authority as being consistent with the local government solid waste plan and that demonstrates how the revenues will be used to increase recycling. The remaining revenue shall be passed to residential customers.
- 3 On May 30, 2012, the Commission issued its interpretive and policy statement (IPS) in Docket TG-112162 to address issues concerning implementation of recycling revenue sharing plans, including Incentives, Bonuses or Returns in paragraphs 26 through 32. The IPS articulates a policy that incentives should be conditioned upon or tied to achieving performance goals or objectives.

- 4 On June 19, 2012, Kent-Meridian, along with Rabanco Ltd.'s other operating units in the County, filed a proposed Commodity Revenue Sharing Enhancement Plan for King County (Plan) for the period spanning August 1, 2012, to July 31, 2013. The Company submitted the Plan to meet the requirements for revenue sharing set forth in RCW 81.77.185. Rabanco Ltd. also submitted a budget for the 2012-13 plan period for all of its operating units in the County. For Kent-Meridian, the Plan proposes to retain \$175,536 (27.6 percent) of the forecasted \$636,001 revenue from the sale of recyclable commodities collected from residential customers.
- 5 The Plan calls for the Company to use retained funds for the following activities and budget amounts: Data Collection and Reporting (\$5,429), Recycling Protocol (\$22,258), External Communication and Outreach (\$5,429), Recycling Cart Conversion (\$72,746), Cart Contamination (\$5,429), Yard Waste and Food Waste Promotion (\$5,429), and Project Management and Administration (\$50,488).
- 6 The Company's 2012-13 budget included an incentive payment of \$21,081, 12.6 percent of planned expenditures. The Company subsequently, revised its proposed incentive payment to five percent, for the purpose of calculating the commodity recycling credit. The Plan states in part:
- "Republic Services is eligible for a financial incentive for implementation of this plan as follows:
- For program expenditures, an amount equal to 5% of company expenditures"
- The incentive is not conditioned upon or tied to achieving any performance goals or objectives. The Commission disallows the financial incentive as filed. The Company may file a revised proposed incentive structure.
- 7 On June 20, 2012, the County filed with the Commission a letter, signed by Kevin Kiernan, Solid Waste Division Director, which certifies the Company's Plan is consistent with the County's Comprehensive Solid Waste Management Plan. The County recommends that the commission allow Kent-Meridian to retain up to thirty percent of the actual value of recyclable commodity revenues received from August 1, 2012, through July 31, 2013, the period of the agreement.

8 Staff recommends that the Commission grant Kent-Meridian's request to retain up to thirty percent of the recyclable commodity revenue collected during the period of the plan, August 1, 2012, to July 31, 2013, on a temporary basis, subject to revision.

FINDINGS AND CONCLUSIONS

- 9 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies. RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.16, RCW 81.28 and RCW 81.77.
- 10 (2) This matter came before the Commission at its regularly scheduled open meeting on July 27, 2012.
- 11 (3) Kent-Meridian is engaged in the business of providing solid waste services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 12 (4) RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials to retain up to fifty percent of the revenue paid to the company for the material if the company submits a plan to the Commission that is certified by the appropriate local government authority as being consistent with the local government solid waste plan and that demonstrates how the revenues will be used to increase recycling. The remaining revenue shall be passed to residential customers.
- 13 (5) King County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of King County's Solid Waste Division certified that Kent-Meridian's recycling plan is consistent with the County's Comprehensive Solid Waste Management Plan.
- 14 (6) Included as part of Kent-Meridian's Plan with the County is a provision for an incentive payment of five percent, or \$8,360, of planned expenditures of \$167,208. The incentive is not conditioned upon or tied to achieving any performance goals or objectives and therefore shall be rejected. To be approved, such an incentive plan should be tied to performance goals or objectives.

- 15 (7) After reviewing Kent-Meridian's request to retain up to thirty percent of the revenue it receives from the sale of recyclable materials collected in its single family and multi-family residential recycling programs from August 1, 2012, to July 31, 2013, and giving due consideration, the Commission finds Kent-Meridian's request should be granted on a temporary basis, subject to revision.

ORDER


THE COMMISSION ORDERS:

- 16 (1) Fiorito Enterprises, Inc., & Rabanco Companies, d/b/a Kent-Meridian Disposal Company is authorized to retain up to thirty percent of the revenue it receives from the sale of recyclable materials collected in its single family and multi-family residential recycling programs from August 1, 2012, to July 31, 2013, on a temporary basis, subject to revision.
- 17 (2) Fiorito Enterprises, Inc., & Rabanco Companies, d/b/a Kent-Meridian Disposal Company, will make a compliance filing by August 17, 2012, in time for Staff to make its recommendation to the Commission at its regularly scheduled meeting on August 30, 2012. The compliance filing will specify performance criteria and conditions to be met by the Company at the end of the plan period, in order to be eligible for award of the incentive specified in its Plan.
- 18 (3) Fiorito Enterprises, Inc., & Rabanco Companies, d/b/a Kent-Meridian Disposal Company, will report to the Commission no later than June 17, 2013, the amount of revenue it retained, the amount of money it spent on the activities identified in Fiorito Enterprises, Inc., & Rabanco Companies, d/b/a Kent-Meridian Disposal Company's recycling plan and the effect the activities had on increasing recycling.
- 19 (4) Fiorito Enterprises, Inc., & Rabanco Companies, d/b/a Kent-Meridian Disposal Company, shall make its next revenue sharing plan and commodity adjustment effective August 1, 2013, and each August 1 thereafter, and shall make all future revenue sharing plans and commodity adjustment filings forty-five days prior to the proposed effective date.

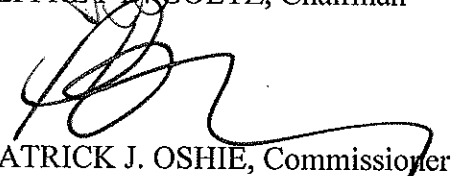
- 20 (5) The Commission delegates to the Secretary the authority to approve by letter all compliance filings required in this Order.
- 21 (6) The Commission retains jurisdiction over the subject matter and Fiorito Enterprises, Inc., & Rabanco Companies, d/b/a Kent-Meridian Disposal Company, to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective July 30, 2012.

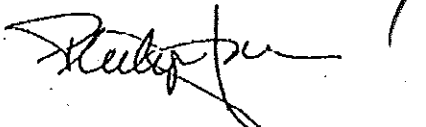
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



JEFFREY D. GOLTZ, Chairman



PATRICK J. OSHIE, Commissioner



PHILIP B. JONES, Commissioner